

FISCAL IMPACT STATEMENT ON BILL NO. **S. 948**

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TO:	The Honorable John E. Courson, Chairman, Senate Education Committee		
FROM:	Office of State Budget, Budget and Control Board		
ANALYSTS:	Tricia Tangney		
DATE:	February 6, 2006	SBD:	2006013

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AUTHOR:	Senator Rankin	PRIMARY CODE CITE:	59-152-30
SUBJECT:	Pre-kindergarten for Four-year-olds - First Steps		

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ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:  
See Below

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:  
\$0 (No additional expenditures or savings are expected)

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**BILL SUMMARY:**

Senate Bill 948 adds the establishment of a voluntary, universal pre-kindergarten program for four-year-old children to the goals of the First Steps to School Readiness Initiative, and creates the same in each county.

**EXPLANATION OF IMPACT:**

There are approximately 32,240 four-year-olds in the State who are not served by a pre-kindergarten program. Of the 56,054 four-year-olds in the state, 17,755 are enrolled in existing EIA or First Steps funded programs. Another 6,059 are enrolled in the federal Head Start program. This Bill requires a maximum class size of 20 children served by a teacher certified in early childhood development and a teacher assistant. The Bill also requires that each classroom be equipped with movable furniture and have adequate supplies and materials. Therefore, an additional 1,612 classrooms would be needed to serve all 32,240 children not currently served.

The cost to implement the provisions of the Bill is estimated to be \$5,043 per student in the first year and \$4,195 the second year, excluding First Steps administrative and assessment costs. Based on average salaries, each classroom would require approximately \$75,858 in recurring personal service and fringe the first year and approximately \$5,000 in recurring other operating for materials, supplies, and utilities. First year implementation costs per classroom include \$20,000 in non-recurring funding for classroom setup and furniture.

The Office of First Steps assumes \$300,000 would be made available in the form of grants to assist interested Head Start programs in hiring certified teachers so as to bringing these classrooms up to the standards required by this Bill. Head Start programs are governed by their own national standards.

Section 59-152-170 (D) of the Bill requires First Steps to develop both universal guidelines for the pre-kindergarten program, and a statewide assessment program to measure the development of the children participating in this program. First Steps reports that implementing the provisions of this section will require 2.00 FTEs at a cost of \$149,422 annually in personal service and fringe, \$8,000 annually for operating costs, and \$25,000 for non-recurring office space set-up including furniture, PCs, and phones. First Steps intends to use contract support to perform the annual assessment and estimates that this will cost \$640 per classroom annually. Annual assessments are assumed to begin in year two.

As approximately 94 percent of the classroom costs detailed in this estimate are related to personal service, it is likely that costs would increase each year as teacher salaries increase. Year two estimates assume a 4% salary adjustment over year one.

This analysis assumes that funds would be distributed to counties through the existing First Steps grant formula. This general fund estimate assumes no increase in private donations to First Steps to assist in offsetting the cost of the program. A recapitulation of the cost estimate is provided below based on 50 percent, 75 percent, and 100 percent of children participating in the program. The level of funding provided by the General Assembly will determine the number of additional classrooms established.

<b>S.948 Implementation Estimate</b>		
	<b><u>Year One</u></b>	<b><u>Year Two</u></b>
<b><u>50% Children</u></b>	16,120	16,120
Number Classrooms	806	806
First Steps Administration	\$182,422	\$157,422
Assessment Contracts	\$0	\$515,840
Grant Funds - County First Steps	<u>\$81,591,561</u>	<u>\$67,917,223</u>
<b>Total</b>	<b>\$81,773,983</b>	<b>\$68,590,485</b>
<b><u>75% Children</u></b>	24,180	24,180
Number Classrooms	1,209	1,209
First Steps Administration	\$182,422	\$157,422
Assessment Contracts	\$0	\$773,760
Grant Funds - County First Steps	<u>\$122,237,341</u>	<u>\$101,725,835</u>
<b>Total</b>	<b>\$122,419,763</b>	<b>\$102,657,017</b>
<b><u>100% Children</u></b>	32,240	32,240
Number Classrooms	1,612	1,612
First Steps Administration	\$182,422	\$157,422
Assessment Contracts	\$0	\$1,031,680
Grant Funds - County First Steps	<u>\$162,883,122</u>	<u>\$135,534,447</u>
<b>Total</b>	<b>\$163,065,544</b>	<b>\$136,723,549</b>

**LOCAL GOVERNMENT IMPACT:**

None.

**SPECIAL NOTES:**

The analysis of expenditures associated with this Bill does not include potential construction costs for new classrooms, or the cost of transporting children to these programs.

Approved by:



Don Addy  
Assistant Director, Office of State Budget